

# Daily Brief

Market View, News in Brief: Corporate, Economy, and Share Buybacks

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## Market View *Overbought Position to Encourage Profit-Taking*

The local blue-chip benchmark index ended flat on Thursday as gains were checked by late afternoon profit-taking interest. The KLCI closed at 1,804.95 (+0.22) after rising from opening low 1,803 to high of 1,811.29, as gainers led losers 480 to 432 on slower turnover of 2.31bn shares worth RM2.29bn.

### **Resistance Stays at 1,811/1,824; Supports at 1,785/1,740**

The persistent overbought position on the index should encourage profit-taking as investors look to reduce exposure ahead of the weekend. Immediate resistance for the index is retained at 1,811, the upper Bollinger band matching yesterday's high, with stronger hurdles at 1,824 and 1,851, the respective 38.2%FR and 23.6%FR levels. Immediate support stays at the rising 10-day moving average now at 1,785, next at 1,740, with stronger supports at 1,729/1,720 and 1,708/1,700.

### **SELL on Strength IHH & IOI Corp**

Bearish technical momentum on IHH point to further downside bias, with breakdown below the 23.6%FR (RM5.70) to grease slide towards the pivot lows of May 2017 (RM5.54) or Nov 2017 (RM5.42) before attracting bargain hunters, while key overhead resistance is from the 50%FR (RM6.01) and 61.8%FR (RM6.15). Any push on IOI Corp shares above the 76.4%FR (RM4.70) is likely to see strong profit-taking resistance at RM4.80, with next hurdle from the March 2016 peak (RM4.92). Key retracement supports are at the 61.8%FR (RM4.55), 50%FR (RM4.45) and 38.2%FR (RM4.33).

### **China Led Most Asian Markets Higher**

Asian share markets found support on Thursday as a rally in Chinese stocks helped offset the latest escalation in the Sino-U.S. trade war. Chinese stocks recoup more than 1 percent amid talk of possible government support for home-grown technology companies, just the latest in a series of growth boosting measures rolled out by Beijing as the trade dispute worsens. Hopes for more Chinese infrastructure spending also underpinned industrial resources including iron ore and copper. Meanwhile, Chinese state media on Thursday accused the United States of a "mobster mentality" in its move to implement additional tariffs on Chinese goods, and warned Beijing had all the necessary means to fight back. The comments mark a ratcheting up in tensions between the world's two largest economies over a trade dispute.

China's stock markets rebounded on Thursday, with tech firms rallying on signs the government may offer the sector more support. The Shanghai composite rose 50.64 points, or 1.85 percent, to 2,794.71. In Australia, the ASX 200 rose 29.2 points, or 0.47 percent, to 6,297.70. But the energy sub-index wavered between gains and losses before eventually falling 0.27 percent. Elsewhere, South Korea's Kospi inched higher by 2.26 points, or 0.1 percent, to 2,303.71. However, Japan's Nikkei edged lower in choppy trade as a strong yen hurt investor risk appetite. The Nikkei share average dropped 0.2 percent to 22,598.39.

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**Wall Street Losses Steam as Financial and Energy Stocks Weighs**

U.S. stocks closed mostly lower Thursday as weak energy and industrial shares weighed on the market, but the Nasdaq bucked the trend to rise for an eighth straight session, logging its best winning streak since October. Geopolitical tensions between the U.S. and other countries are setting the tone for markets, with China responding to the Trump administration's latest trade war volley with additional tariffs on various chemicals and medical equipment, among other goods. Still, corporate earnings for the second quarter appeared strong. With 90 percent of the companies in the S&P 500 having reported results, the firms have posted 25 percent growth in profits from a year earlier, according to Fact-Set.

However, the Nasdaq Composite closed marginally higher, notching its longest winning streak since March, as shares of Facebook and Amazon rose. The technology sector has been at the center of a sharp recovery in U.S. stocks since a market rout in February. Leading sector declines was the S&P energy index, which fell 0.9 percent. Occidental Petroleum fell 4.2 percent after it maintained a tepid production forecast for the year. Shares of big exporters Caterpillar and Boeing also fell 1.9 percent and 0.9 percent, respectively.

The Dow Jones Industrial Average fell 74.52 points, or 0.29 percent, to 25,509.23, the S&P 500 lost 4.12 points, or 0.14 percent, to 2,853.58 and the Nasdaq Composite added 3.46 points, or 0.04 percent, to 7,891.78.

## News In Brief *Corporate*

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**Velesto Energy Bhd** received letter of awards for the provision of 2 rigs from Petronas Carigali. NAGA 3 and NAGA 5 will be contracted to drill a total of 4 firm wells and 4 optional wells with contract value of USD10.8mn. Drilling activities should commence in late July to August. (*Bursa Malaysia*)

**Comment:** We are neutral on the news as it is well within expectations. Utilisation rate in VEB's 3Q18 should be rather high as we expect 6 of 7 rigs to be contracted. Given contract wins are well within expectations, we maintain earnings forecast and **TP of RM0.35**. Reiterate **BUY**.

**Supermax Corporation Bhd** said group executive director Datin Seri Cheryl Tan Bee Geok has vacated her office after she was fined RM7mn and sentenced to a 5-year jail term for insider trading offences. Meanwhile, the High Court had dismissed an application by Datuk Seri Stanley Thai Kim Sim to be reappointed as a director of the group. (*Bursa Malaysia/The Star*)

**IHH Healthcare Bhd's** planned purchase of Fortis Healthcare has been derailed by a court order initiated by Japanese drugmaker Daiichi Sankyo. Malvinder and Shivinder Singh, who founded Fortis, were ordered in January to pay 35bn rupees in damages to Daiichi Sankyo over the sale of Ranbaxy Laboratories, a generic drugmaker. The brothers were found to have withheld critical information from Daiichi Sankyo, when they sold their stakes in Ranbaxy in 2008. (*The Edge/Nikkei Asian Review*)

**Comment:** We believe it is important to note that Daiichi did not take legal actions against Fortis and it has not filed any claim against Fortis. As such, the litigation against the founders should not affect the company's future earnings and company's assets and capital. IHH management believes the basis to block the transaction is unfounded given that the brothers currently hold less than 1% of shareholdings in Fortis. IHH-Fortis share subscription agreement is currently pending approval from Fortis' shareholders on Aug 13. We make no changes to our earnings estimate as we have yet to input Fortis' earnings into our model. We maintain **Hold** on IHH with an **unchanged TP of RM6.60/share** based on SOTP valuation.

**Gamuda Bhd** and **Kumpulan Perangsang Selangor Bhd** announced that they have resolved to accept the State government's offer for Syarikat Pengeluar Air Sungai Selangor Sdn Bhd. (*Bursa Malaysia*)

**AirAsia Group Bhd** has signed US-based Palantir as its strategic data science partner, a move that will see the airline uses data to increase its revenue. (*New Straits Times*)

**Barakah Offshore Petroleum Bhd** has bagged a contract from Sapura Exploration and Production (PM) Inc. for the provision of Pan-Malaysia maintenance, construction and modification services under package A. The contract is for a period of 5 years from 2018 to 2023. (*Bursa Malaysia/Bernama*)

**Astro Malaysia Holdings Bhd's** subsidiary Measat Broadcast Network Systems Sdn Bhd (MBNS) has accepted RM380mn term loan from Sumitomo Mitsui Banking Corp Malaysia Bhd. The term loan would finance MBNS' cost relating to the production, purchase and licensing of content, program or channels and its purchase of set-top boxes as well as operating expenditure and capital expenditure for broadcast and transmission and acquisition of software and platforms. (*Bursa Malaysia/New Straits Times*)

**Bintai Kinden Corporation Bhd** has bagged a RM13.3mn job from MRCB Builders Sdn Bhd. The subcontract is mainly to undertake the work of supplying, delivering, installing, testing and commissioning of electrical works in connection with the construction and completion of elevated stations and other associated works at the Cyberjaya City Centre and Putrajaya Sentral. The project is estimated to be completed by November 2021. *(Bursa Malaysia/Bernama)*

**NWP Holdings Bhd's** affordable housing projects are now shelved as it has terminated the turnkey construction heads of agreement between wholly-owned subsidiary NWP Builder Sdn Bhd and M2B World (M) Sdn Bhd. *(Bursa Malaysia/The Sun)*

**Handal Resources Bhd's** group managing director Sunildeep Singh Dhaliwal has upped his stake in the offshore crane services company to 11.1%, after acquiring an additional 6mn shares or a 3.8% stake via an off-market deal. *(Bursa Malaysia/The Edge)*

**ELK-Desa Resources Bhd** expects its 15% compound annual growth rate in the last 5 financial years to spill over into the current year, as it seeks to grow the hirer base and is supported by higher financial leverage through bank borrowings. *(The Edge)*

**Harn Len Corporation Bhd** is selling 3 pieces of land together with factory buildings in Ulu Tiram, Johor for RM19mn. The proceeds from the disposal will be used as working capital. *(Bursa Malaysia)*

**Datasonic Group Bhd** has entered into an exclusive agency agreement (EAA) with Dynamic Structures WLL in Bahrain to jointly develop and coordinate business activities of secure identification, personalisation solution, integrated security and surveillance system. The group said the EAA was valid for 5 years from August 8, 2018. *(Bursa Malaysia/New Straits Times)*

**My EG Services Bhd** confirmed its expansion into Bangladesh, saying it has entered into a joint-venture with 2 other firms to provide technology and e-government services in that country. The group has signed the JV agreement with Bangladesh-based Control Data Ltd and My Paycheck Sdn Bhd. *(Bursa Malaysia/The Edge)*

**Teo Seng Capital Bhd** announced the resignation of 2 of its board members Tan Sri Lau Tuang Nguang and Na Yok Chee, to downsize the number of board members, in order to comply with the Malaysian Code on Corporate Governance 2017. *(Bursa Malaysia/The Edge)*

**Dagang NeXchange Bhd** is allocating RM2mn to build comprehensive motor parts and a database system for pricing and repair schedule for the vehicle insurance repair segment. *(New Straits Times)*

**Asdion Bhd** has proposed a private placement of up to 10% of its issued shares, or up to 16.5mn new placement shares, to raise RM3.8mn to pay overdue finance lease liabilities and trade creditors. The proposed private placement is expected to be completed by 1Q2019. *(Bursa Malaysia/The Edge)*

**Ranhill Holdings Bhd** has registered a 6.6% YoY rise in net profit to RM15.4mn for 2QFY18 from RM14.5mn a year ago. Meanwhile, quarterly revenue climbed 3.1% YoY to RM379.5mn from RM367.9mn previously, mainly contributed by the environment segment. For 1HFY18, the group recorded 11.1% YoY increase in net profit to RM33.6mn from RM30.2mn in 1HFY17, while its revenue inched up by 2.8% YoY to RM739.8mn from RM719.9mn. The group declared a first interim dividend of 2.0sen/share. *(Bursa Malaysia/The Edge)*

**Sunway Real Estate Investment Trust's** net profit for 4QFY18 dropped 5.4% YoY to RM207.1mn from RM218.8mn a year ago. Meanwhile, quarterly revenue rose 2.8% YoY to RM136.3mn from RM132.5mn previously, supported by higher average gross rent in Sunway Pyramid Shopping Mall, but partially offset by a softer financial performance in the other retail malls in the asset portfolio. For FY18, the group's net profit rose marginally to RM427.7mn from RM424.5mn, while revenue was 7.2% YoY higher at RM560.4mn from RM522.9mn. It declared a distribution per unit of 2.2sen. *(Bursa Malaysia/The Edge)*

**Far East Holdings Bhd** has posted a 4.8% YoY increase in net profit to RM10.5mn for 2QFY18, from RM10.0mn a year ago despite quarterly revenue fell 4.9% to RM96.1mn from RM101.1mn in 2QFY17. For 1HFY18, the group posted an 8.5% YoY decline in net profit to RM33.1mn from RM36.2mn in 1HFY17, due to lower crude palm oil and palm kernel selling prices. Meanwhile, the revenue improved 6.3% YoY to RM205.4mn from RM193.2mn, due to higher fresh fruit bunches production. *(Bursa Malaysia/The Edge)*

## News In Brief *Economy*

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### *Malaysia* **MIEA Confident of Property Market Through 2018**

The Malaysian Institute of Estate Agents (MIEA) foresees the Malaysian property market to gradually improve in the years ahead through to 2020. President Eric Lim Chin Heng said the association envisages the market will continue experiencing 'confidence gaining growth' as fundamentals improve under the new government. He said the property market bottomed out last year with transaction volumes hitting the lowest point since 2012, amounting to 311,824 transactions in 2017. Further, MIEA also foresees the implementation of new policies by the government to boost the property market. Two major events include plans to introduce and manage the supply of affordable housing and the forthcoming budget which will be a test for the new government in tackling the woes of the property industry. (NST)

### **BNM Governor: DFIs May No Longer be Placed under Development Financial Institutions Act**

Bank Negara Malaysia Governor Datuk Nor Shamsiah Yunus said development financial institutions (DFIs) may have to graduate into the mainstream legal and regulatory landscape of the country's financial system. This is to reflect the maturity and success of DFIs here. She said DFIs' potential graduation into the mainstream legal and regulatory landscape means DFIs may no longer be placed under the Development Financial Institutions Act. "This is a positive development as it reflects the maturity and success of the institution in delivering on its developmental mandates," Nor Shamsiah said in her welcome remarks at the Forum on Performance Measurement for DFIs. Bank Negara and The World Bank are joint organisers of the forum, according to the text of Nor Shamsiah's remarks. (The Edge Market)

### *Asia* **China Consumer Inflation Hits Four-Month High**

China's consumer inflation accelerated to a four-month high in July, as consumers paid more for food and fuel, official data showed Thursday. The consumer-price index increased 2.1% in July from a year earlier, compared with a 1.9% gain in June, the National Bureau of Statistics said. Food prices rose 0.5% from a year earlier after climbing 0.3% in June. Pork prices, which has been the main drag, fell less sharply in July. Nonfood prices rose 2.4% on year, compared with a 2.2% on-year increase in June. Gasoline and diesel prices surged by more than 20% on year, adding about 0.42 percentage point to the headline index, the bureau said. The key inflation reading slightly outpaced a 2.0% gain forecast by economists polled by The Wall Street Journal. The government aims to keep inflation under about 3% this year. On a month-over-month basis, the CPI rose 0.3% in July from a month earlier. In June, the index edged down 0.1% from the previous month.

The producer-price index rose 4.6% in July, compared with a 4.7% on-year increase in June. The reading for factory-gate prices was higher than a 4.4% increase forecast by economists polled in the survey. The PPI inched up 0.1% in July from a month earlier. In June, it edged up 0.3% from the preceding month. (WSJ)

### **China Retaliates With New Tariffs, Hunkering Down for a Long Trade Fight**

Beijing warned it would match the Trump administration step for step should it move ahead with new tariffs on Chinese imports, as trade data showed the country is shoring up its economy for a long trade conflict with the U.S. China's Ministry of Commerce criticized the U.S.'s plan to impose new 25% tariffs on \$16 billion in Chinese goods on Aug. 23, and released an updated list of items it would target with similar tariffs that would go into effect the same day. "This is very unreasonable," the ministry said. "In order to defend China's rightful interests and the multilateral trade system, China has to retaliate as necessary."

Its comments came as government data showed imports of resources including coal, crude oil and iron ore surged in July, driven by infrastructure projects such as rail construction that Beijing is encouraging to wall off the economy from the trade fight. Imports in July were up 27.3% from a year earlier, narrowing China's monthly trade surplus to \$28.1 billion, from \$41.6 billion in June. (WSJ)

### **Japan Core Machine Orders Plunge 8.8% in June**

The total number of core machine orders in Japan tumbled a seasonally adjusted 8.8% on month in June, the Cabinet Office said - worth 827.6 billion yen. That was well shy of forecasts for a drop of 1.0% after sliding 3.7% in May. On a yearly basis, core machine orders added 0.3% - again missing expectations for a spike of 10.5% and down sharply from 16.5% in the previous month. The total value of machinery orders received by 280 manufacturers operating in Japan tumbled 14.4% on quarter and 3.4% on year to 2,213.9 billion yen. Manufacturing orders were down 15.9% on month and up 6.6% on year to 381.8 billion yen, while non-manufacturing orders fell 7.0% on month and 4.6% on year to 445.4 billion yen.

Separately, the M2 money stock in Japan was up 3.0% on year in July, the Bank of Japan said - coming in at 1,007.5 trillion yen. That was shy of expectations for an increase of 3.1%, which would have been unchanged from the June reading. The M3 money stock advanced an annual 2.6% to 1,338.6 trillion yen. That was unchanged from the previous month, although it missed expectations for a gain of 2.7%. The L money stock gained 2.3% on year to 1,785.8 trillion yen - slowing from 2.5% a month earlier. (RTT)

### **Hong Kong Mortgage Rates Rise Most since 2013**

Hong Kong's home loan rates are seeing their biggest jump in five years as higher global funding costs boost speculation local lenders will have to finally follow the U.S. Federal Reserve. HSBC Holdings Plc, BOC Hong Kong Holdings Ltd. and Standard Chartered Plc will lift the cap for mortgages linked to the city's interbank rates to effectively 2.35% starting Monday, while prime rate-based mortgages will rise to 2.25%, according to emailed statements. Mortgages linked to the prime rate, also known as best lending rate, are currently priced at 2.15%, according to data from Centaline Mortgage Broker Ltd., leading to an increase of 10 basis points. The last time they'd seen an increase of this magnitude was in March 2013, the data show. The mortgage industry has been a battlefield since 2016 as apartment prices rose to records and lenders kept interest rates low to lure customers in the world's least affordable housing market.

However, borrowers are now starting to price in higher rates on speculation Hong Kong's major lenders will begin to follow the U.S. Federal Reserve in tightening. The one-month Hong Kong dollar Hibor has climbed 16 basis points this year to 1.35% on Wednesday. In June, it reached 2.125%, the highest since October 2008. (The Star)

### **Philippine GDP Growth Eases in Q2**

Philippine economic growth eased in the three months ended June, figures from the Philippine Statistics Authority showed. Gross domestic product advanced 6.0% year-over-year in the second quarter, slower than the 6.6% rise in the first quarter, which was revised down from a 6.8% spike reported earlier. Economists had expected the growth to slow to 6.6%. In the corresponding period last year, the rate of expansion was also 6.6%. Among the major economic sectors, services recorded the fastest growth by 6.6%, followed by industry with 6.3% rise. Meanwhile, agriculture registered a moderate increase of 0.2%. On quarterly basis, GDP rose a seasonally adjusted 1.3% in the June quarter versus the expected growth of 1.7%. (RTT)



**United States** **U.S. Producer Prices Flat in July**

A gauge of U.S. business prices was unchanged in July from June, but remains well up from a year earlier. The producer-price index, a measure of the prices businesses receive for their goods and services, was flat in July from a month earlier, the Labor Department said Thursday. When excluding the often-volatile food and energy categories, prices were up 0.1% in July from the prior month. Prices excluding food, energy and a volatile gauge of margins called trade services rose 0.3% last month. Economists surveyed by The Wall Street Journal had expected a 0.2% increase in overall prices, a 0.2% rise for prices excluding food and energy and a 0.3% climb for prices excluding food, energy and trade services. Rising oil prices and improved demand from U.S. consumers and businesses have helped push the annual index higher. From a year earlier, overall prices grew 3.3% in July. The headline PPI gauge measures the price received from the final user of the good or service, including consumers, other businesses and the government. (WSJ)

**U.S. Jobless Claims Fell Last Week**

The number of Americans filing applications for new unemployment benefits fell last week, continuing to hover near historic lows. Initial jobless claims, a proxy for layoffs across the U.S., declined by 6,000 to a seasonally adjusted 213,000 in the week ended Aug. 4, the Labor Department said Thursday. Economists surveyed by The Wall Street Journal expected 220,000 new claims last week. Data can be volatile from week to week. The four-week moving average of claims, a steadier measure, also fell, declining to 214,250. Jobless claims have remained low for years, a sign that employers are laying off few workers in the U.S.'s tight labor market as some managers face difficulty finding qualified employees.

Meanwhile, the number of open jobs this spring exceeded the number of unemployed Americans seeking work for the first time in records going back to 2000. Still, Thursday's report showed the number of claims workers made for longer than a week increased by 29,000 to 1,755,000 in the week ended July 28. The figure, also known as continuing claims, is reported with a one-week lag. (WSJ)

**Europe and United Kingdom** **ECB Sees Intensifying Risk From Tariffs, Protectionism**

Risks to global growth are growing as the risk of protectionism and the threat of higher U.S. tariffs sap confidence, the European Central Bank said in a regular economic bulletin on Thursday. "Downside risks to the global economy have intensified amid actions and threats regarding trade tariff increases by the United States and possible retaliation by the affected countries," the ECB said in an assessment, which is largely consistent with its view in its July 26 policy statement. The ECB added that if all the threatened measures were to be implemented, the average U.S. tariff rate would rise to levels not seen in the last 50 years. At its meeting two weeks ago, the ECB kept policy unchanged, staying on course to end a 2.6 trillion-euro (£23.32 billion) bond purchase scheme by the close of the year and to raise rates for the first time since the euro zone debt crisis in the autumn of 2019. It added that even as external risks are mounting, domestic growth appears to be robust and near-term indicators point to a solid and broad-based expansion. (Reuters)



### UK House Prices Inch Up, Buy-to-let Investors Exit Market: RICS

British house prices edged up last month as widespread falls in London weighed on gains further north, while smaller landlords quit the rental sector due to less favorable tax treatment, a survey showed. The Royal Institution of Chartered Surveyors' (RICS) monthly house price balance rose to +4 in July from an upwardly revised +3, in line with economists' forecasts in a poll. Prices in Scotland, Northern Ireland and most of central and northern England rose, while prices in London fell broadly — though not as widely as earlier in the year — and prices in other parts of southern England and in Wales were flat. Property priced at over 1 million pounds (\$1.29 million) — which is common only in London and nearby areas — was the most likely to see discounts of 10% or more on its asking price.

Houses advertised for under 500,000 pounds typically sold at or slightly above their asking price. The price trends are similar to those reported by others such as mortgage lender Nationwide, which said prices nationally rose by 2.5% in the year to the end of July. (Reuters)

#### Share Buy-Back: 09 August 2018

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
DAIBOCI	2,000	2.03	2.05/2.03	550,100
HAIO	7,200	4.35/4.31	4.35/4.30	9,532,888
INCKEN	31,000	0.67/0.665	0.67/0.665	18,820,600
KENANGA	229,700	0.77	0.77/0.765	12,677,600
P&O	2,000	1.05	1.05/1.03	11,987,493
PANSAR	40,000	0.86	0.865/0.85	90,000
SYSCORP	70,000	0.37	0.365/0.35	21,348,600
YILAI	23,000	0.74	0.74	13,982,208

Source: Bursa Malaysia

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**SNAPSHOT OF STOCKS UNDER COVERAGE**

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
<b>AUTOMOBILE</b>																	
BAUTO	2.15	2.64	22.8%	Buy	2,498	0.53	12.1	17.5	17.8	12.3	4.8	5.7	2.44	-11.9	1.82	18.3	-1.1
MBMR	2.40	3.19	32.9%	Buy	938	0.57	31.4	31.9	7.7	7.5	3.3	3.3	2.68	-10.4	2.01	19.4	9.1
PECCA	0.88	1.30	48.6%	Buy	161	1.00	6.4	7.7	13.7	11.3	6.9	6.9	1.65	-47.0	0.78	12.2	-43.5
SIME	2.60	2.97	14.2%	Buy	17,682	1.49	13.2	16.4	19.7	15.9	1.3	1.6	3.06	-15.0	2.03	28.3	17.6
UMW	6.07	5.45	-10.2%	Sell	7,092	0.82	28.4	39.3	21.4	15.4	2.3	3.3	6.98	-13.0	4.70	29.1	16.7
<b>BANKS &amp; FINANCIAL SERVICES</b>																	
ABMB	4.19	4.30	2.6%	Hold	6,487	0.91	31.9	34.9	13.2	12.0	3.7	3.8	4.49	-6.7	3.62	15.7	2.7
AFFIN	2.53	2.50	-1.2%	Sell	4,916	0.81	25.5	26.8	9.9	9.4	3.2	3.2	2.70	-6.3	2.22	13.9	9.5
AMBANK	3.97	3.80	-4.3%	Sell	11,966	1.30	37.6	41.5	10.6	9.6	3.8	4.5	4.90	-19.0	3.40	16.8	-10.0
CIMB	5.93	6.30	6.2%	Buy	55,539	1.57	52.2	55.5	11.4	10.7	4.4	4.7	7.39	-19.8	5.21	13.8	-9.3
HLBANK	19.30	21.80	13.0%	Buy	39,480	0.88	129.2	146.1	14.9	13.2	2.5	2.5	20.02	-3.6	14.90	29.5	13.5
MAYBANK	9.90	9.60	-3.0%	Buy	108,214	1.08	71.4	75.7	13.9	13.1	5.6	5.6	11.08	-10.6	8.68	14.1	1.0
PBBANK	24.40	25.80	5.7%	Hold	94,724	0.83	152.5	165.6	16.0	14.7	2.6	2.7	25.78	-5.4	19.90	22.6	17.4
RHBBANK	5.45	5.30	-2.8%	Sell	21,855	1.33	54.3	59.0	10.0	9.2	2.8	2.8	5.88	-7.3	4.71	15.7	9.0
BURSA	7.85	8.07	2.8%	Sell	6,339	0.87	29.2	30.0	26.9	26.2	3.1	3.1	8.20	-4.3	6.31	24.3	16.4
<b>BUILDING MATERIALS</b>																	
ANNJOO	2.12	2.47	16.5%	Buy	1,138	1.71	32.2	35.1	6.6	6.0	7.3	8.5	3.98	-46.7	1.63	30.1	-45.1
CHINHIN	0.79	0.82	4.5%	Hold	432	1.31	6.9	9.2	11.4	8.5	3.8	5.1	1.36	-42.3	0.73	7.5	-35.1
CMSB	3.35	3.80	13.4%	Buy	3,589	1.56	21.3	22.6	15.7	14.8	2.5	2.7	4.42	-24.2	1.74	92.5	-14.1
CSCSTEL	1.33	1.41	6.0%	Hold	491	0.90	15.8	17.0	8.4	7.8	6.3	6.8	1.84	-27.7	1.27	4.7	-13.6
ENGTEX	1.15	1.29	12.2%	Buy	501	0.98	12.9	15.3	8.9	7.5	1.7	2.6	1.27	-9.4	0.95	21.1	4.5
<b>CONSTRUCTION</b>																	
GADANG	0.77	0.97	26.8%	Buy	506	1.46	16.0	14.5	4.8	5.3	3.9	3.9	1.32	-42.0	0.64	19.5	-31.1
GAMUDA	3.71	3.92	5.7%	Hold	9,156	1.07	34.3	35.5	10.8	10.5	3.2	3.2	5.45	-31.9	3.00	23.7	-25.2
GDB	0.41	0.52	28.4%	Buy	253	na	4.6	5.2	8.7	7.8	3.0	3.7	0.45	-10.0	0.28	47.3	37.3
IJM	1.99	1.73	-13.1%	Sell	7,225	1.22	9.6	15.7	20.7	12.7	3.0	3.0	3.46	-42.5	1.60	24.4	-34.8
KAB	0.25	0.37	48.0%	Buy	80	na	3.1	3.7	8.1	6.8	4.0	4.8	0.33	-24.2	0.20	25.0	-16.7
PESONA	0.28	0.29	5.5%	Hold	191	1.11	3.0	3.9	9.0	7.1	5.5	5.5	0.65	-57.7	0.26	7.8	-38.9
SENDAI	0.89	0.70	-20.9%	Sell	691	1.24	9.9	8.7	9.0	10.1	1.1	1.1	1.16	-23.7	0.68	30.1	2.3
SUNCON	1.99	1.71	-14.1%	Sell	2,572	0.99	12.7	14.2	15.6	14.0	4.0	4.5	2.64	-24.6	1.72	15.7	-20.7
WCT	0.99	1.02	3.6%	Buy	1,361	0.87	10.6	10.9	9.3	9.1	3.0	3.0	1.90	-48.2	0.70	41.7	-39.2
LITRAK	4.50	5.01	11.3%	Buy	2,376	0.21	43.3	47.1	10.4	9.6	5.6	5.6	6.00	-25.0	3.63	24.0	-18.9
<b>CONSUMER</b>																	
<i>Brewery</i>																	
CARLSBG	19.48	20.65	6.0%	Buy	5,992	0.53	89.3	93.2	21.8	20.9	4.6	4.8	20.88	-6.7	14.48	34.6	28.1
HEIM	23.02	23.11	0.4%	Hold	6,954	0.49	95.2	103.5	24.2	22.2	4.0	4.4	24.02	-4.2	17.30	33.1	21.8
<i>Retail</i>																	
AEON	2.22	2.53	14.0%	Hold	3,117	0.38	7.9	9.2	28.2	24.1	2.0	2.3	2.65	-16.2	1.45	53.1	26.1
AMWAY	7.55	8.47	12.2%	Buy	1,241	0.61	35.6	37.5	21.2	20.1	4.6	4.9	8.52	-11.4	6.97	8.3	3.3
F&N	37.62	30.69	-18.4%	Sell	13,789	0.56	96.0	114.0	39.2	33.0	1.9	2.0	39.98	-5.9	23.40	60.8	39.3
HUPSENG	1.09	1.25	14.7%	Buy	872	0.55	5.8	6.2	18.7	17.7	5.5	5.5	1.21	-9.9	1.02	6.9	0.0
JOHOTIN	1.05	1.02	-2.9%	Hold	326	1.07	8.1	8.5	12.9	12.4	5.7	6.2	1.62	-35.2	0.89	18.0	-13.2
NESTLE	148.00	129.90	-12.2%	Sell	34,706	0.53	322.2	360.2	45.9	41.1	2.0	2.2	163.00	-9.2	83.98	76.2	43.4
PADINI	6.01	5.77	-4.0%	Sell	3,954	0.72	25.6	29.1	23.5	20.6	2.1	2.2	6.20	-3.1	3.78	59.0	14.1
POHUAT	1.49	1.83	22.8%	Buy	328	0.58	20.1	23.1	7.4	6.5	4.0	5.4	2.07	-28.0	1.15	29.6	-16.8
QL	6.00	5.42	-9.7%	Sell	9,735	0.70	12.7	14.0	47.2	42.9	0.8	0.8	6.10	-1.6	3.71	61.8	37.9
SIGN	0.60	0.92	54.6%	Buy	135	0.90	6.6	8.7	9.0	6.8	4.2	5.9	0.97	-38.3	0.48	24.0	-15.6
<i>Tobacco</i>																	
BAT	34.30	28.29	-17.5%	Sell	9,794	1.14	152.7	148.0	22.5	23.2	4.1	4.1	44.70	-23.3	22.46	52.7	-14.3
<b>GAMING</b>																	
<i>Casino</i>																	
GENTING	8.80	11.23	27.6%	Buy	33,754	0.96	58.9	66.7	14.9	13.2	1.8	1.8	9.90	-11.1	8.30	6.0	-3.6
GENM	5.29	6.01	13.6%	Buy	29,924	1.23	29.7	36.7	17.8	14.4	2.3	2.5	6.08	-13.1	4.59	15.3	-4.6
<i>NFO</i>																	
BJOTO	2.28	3.15	38.2%	Buy	3,071	0.67	19.6	37.4	11.6	6.1	7.0	11.4	2.62	-13.0	2.06	10.7	1.8
<b>HEALTHCARE</b>																	
<i>Hospitals/ Pharmaceutical</i>																	
CCMDBIO	1.20	1.52	26.7%	Buy	794	0.44	6.8	7.5	17.6	16.1	3.8	4.1	1.49	-19.5	0.84	42.1	10.7
IHH	5.70	6.60	15.8%	Hold	46,995	0.62	11.9	12.3	48.0	46.5	0.5	0.5	6.42	-11.2	5.42	5.2	-2.7
KPJ	1.10	1.14	3.6%	Buy	4,628	0.60	4.0	4.4	27.7	25.0	2.0	2.2	1.15	-4.3	0.84	31.0	13.4
<i>Rubber Gloves</i>																	
HARTA	6.38	4.90	-23.2%	Sell	21,185	0.96	11.8	14.6	53.9	43.7	1.5	1.5	6.64	-3.9	3.19	100.0	19.5
KOSSAN	4.49	4.88	8.7%	Buy	5,742	0.55	15.9	18.1	28.3	24.8	1.4	1.6	4.72	-4.9	3.19	40.8	10.7
SUPERMX	4.28	4.75	11.0%	Under Review	2,806	0.50	20.0	22.6	21.4	18.9	1.8	2.1	4.61	-7.2	1.69	153.3	114.0
TOPGLOV	10.40	12.91	24.1%	Buy	13,293	0.09	35.6	41.8	29.2	24.9	1.4	1.7	12.48	-16.7	5.33	95.1	30.2
KAREX	0.82	0.54	-33.7%	Sell	817	0.62	1.3	1.8	60.7	45.3	0.4	0.6	1.67	-51.2	0.50	63.0	-37.3
<b>INDUSTRIAL</b>																	
SCIENTX	8.65	7.00	-19.1%	Sell	4,229	0.78	54.8	57.5	15.8	15.0	2.1	2.2	9.85	-12.2	6.51	32.9	-0.1
SKPRES	1.48	2.20	48.6%	Buy	1,850	1.02	10.2	11.7	14.6	12.6	3.5	4.0	2.35	-37.0	1.33	11.3	-35.1
<b>MEDIA</b>																	
ASTRO	1.93	1.65	-14.5%	Hold	10,063	1.11	12.4	13.8	15.5	13.9	6.5	6.5	2.94	-34.4	1.31	47.3	-27.2
MEDIA PRIMA	0.54	0.38	-29.6%	Sell	599	0.88	-6.0	-4.2	na	na	0.0	0.0	0.90	-40.0	0.25	116.0	-28.9
STAR	1.27	1.20	-5.5%	Hold	937	0.98	6.3	5.9	20.3	21.4	7.1	7.1	2.22	-42.7	1.00	27.0	-23.0

**SNAPSHOT OF STOCKS UNDER COVERAGE**

Company	Share Price (RM)	Target Price (RM)	% upside	Recom	Market Cap. (RMm)	BETA	EPS (sen)		PER (X)		Div Yield (%)		52weeks		52weeks		% Chg YTD
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg	Low Price	% Chg	
<b>OIL &amp; GAS</b>																	
DNEX	0.41	0.63	53.7%	Buy	721	1.61	4.4	4.6	9.3	8.9	2.4	2.4	0.57	-28.1	0.31	34.4	-15.5
LCTITAN	5.20	6.59	26.7%	Buy	11,820	na	44.5	51.6	11.7	10.1	3.3	3.8	6.46	-19.5	4.31	20.6	10.6
MHB	0.72	0.78	8.3%	Sell	1,152	1.45	-5.6	0.4	na	167.0	0.0	0.0	0.98	-26.5	0.63	15.2	-12.7
MISC	6.28	5.73	-8.8%	Sell	28,033	0.92	33.1	40.9	18.9	15.4	4.8	4.8	7.90	-20.5	5.03	24.9	-15.4
PANTECH	0.51	0.64	25.5%	Hold	379	1.00	6.3	6.9	8.1	7.4	4.9	5.3	0.74	-31.1	0.50	2.0	-20.9
PICHEM	9.20	9.05	-1.6%	Hold	73,600	0.74	54.3	54.3	16.9	16.9	2.9	3.0	9.32	-1.3	6.95	32.4	19.5
SAPNRG	0.59	0.85	44.1%	Buy	3,535	2.25	-5.0	-2.2	na	na	0.0	0.0	1.75	-66.3	0.40	49.4	-16.9
SERBADK	3.91	4.72	20.7%	Buy	5,742	na	27.5	31.4	14.2	12.4	2.3	2.6	4.00	-2.2	1.87	109.1	20.7
VELESTO	0.29	0.35	20.7%	Buy	2,383	1.96	0.3	1.0	89.2	29.4	0.0	0.0	0.48	-39.6	0.22	34.9	-4.9
UZMA	1.20	1.47	22.5%	Buy	384	1.27	19.8	12.9	6.1	9.3	0.0	0.0	1.67	-28.1	0.93	29.7	-6.2
<b>PLANTATIONS</b>																	
FGV	1.69	1.76	4.1%	Buy	6,165	1.71	1.8	1.5	95.8	112.6	3.0	3.0	2.18	-22.5	1.45	16.6	0.0
IJMPLNT	2.38	1.84	-22.7%	Sell	2,096	0.41	7.9	7.1	30.2	33.4	2.1	2.1	3.12	-23.7	2.08	14.4	-13.1
IOICORP	4.65	5.06	8.8%	Buy	28,395	0.83	19.0	19.6	24.4	23.7	5.7	3.3	4.81	-3.3	4.21	10.6	5.0
KFIMA	1.73	1.98	14.5%	Buy	487	0.68	14.5	12.9	11.9	13.5	5.2	5.2	1.89	-8.5	1.44	20.1	10.2
KLK	24.76	23.75	-4.1%	Sell	26,369	0.58	93.1	100.9	26.6	24.5	2.0	2.0	25.98	-4.7	23.26	6.4	-1.0
SIMEPLT	5.34	5.84	9.4%	Buy	36,316	na	19.6	18.5	27.3	28.8	2.6	2.8	6.00	-11.0	4.58	16.6	-11.0
TSH	1.22	1.09	-10.7%	Sell	1,685	0.43	9.3	9.6	13.1	12.7	2.0	2.0	1.73	-29.5	1.12	8.9	-26.1
UMCCA	6.10	5.59	-8.4%	Sell	1,279	0.42	18.2	19.8	33.5	30.8	2.0	2.5	7.08	-13.8	5.85	4.3	-6.3
<b>PROPERTY</b>																	
GLOMAC	0.44	0.50	13.6%	Hold	349	0.51	1.5	2.5	30.3	17.5	3.4	3.4	0.63	-29.9	0.43	2.3	-20.7
HUAYANG	0.48	0.50	4.2%	Hold	169	0.70	1.3	2.2	38.4	21.7	0.0	0.0	0.86	-43.9	0.44	9.1	-21.3
IBRACO	0.55	0.58	5.5%	Hold	273	na	4.6	7.7	12.1	7.2	3.6	3.6	0.92	-39.9	0.26	111.5	-32.5
IOIPG	1.88	1.87	-0.5%	Buy	10,352	0.84	14.9	14.7	12.6	12.8	3.2	3.2	2.17	-13.4	1.47	27.9	1.6
MAHSING	1.23	1.22	-0.8%	Buy	2,986	1.05	9.4	9.6	13.0	12.8	4.1	4.1	1.60	-23.1	0.98	25.5	-15.2
SIMEPROP	1.35	1.28	-5.2%	Hold	9,181	na	6.1	5.3	22.0	25.4	3.0	2.2	1.78	-24.2	1.04	29.8	-24.2
SNTORIA	0.50	0.73	46.0%	Buy	279	0.69	8.3	8.7	6.0	5.7	2.0	2.0	0.77	-35.3	0.49	2.0	-28.1
SPB	4.12	4.11	-0.2%	Sell	1,416	0.62	18.7	23.4	22.0	17.6	2.9	2.9	5.50	-25.1	4.05	1.7	-15.9
SPSETIA	2.99	3.23	8.0%	Hold	11,664	1.12	16.1	18.1	18.5	16.5	4.0	4.0	4.00	-25.3	2.77	7.9	-25.3
SUNWAY REIT	1.55	1.65	6.5%	Hold	7,538	0.85	11.8	12.5	13.1	12.4	3.9	3.9	1.96	-20.9	1.44	7.6	-4.9
SUNREIT	1.74	1.87	7.5%	Hold	5,124	0.78	9.6	10.3	18.2	16.8	5.5	5.9	1.90	-8.4	1.48	17.6	-8.4
CMMT	1.18	1.48	25.4%	Buy	2,408	0.57	7.9	8.4	14.9	14.1	6.9	7.3	1.83	-35.5	0.98	20.4	-35.5
<b>POWER &amp; UTILITIES</b>																	
MALAKOF	0.97	0.85	-12.4%	Sell	4,768	1.07	5.8	6.7	16.7	14.4	7.2	7.2	1.17	-17.1	0.83	17.6	-1.0
PETDAG	26.84	24.13	-10.1%	Sell	26,664	0.76	114.1	114.9	23.5	23.4	3.2	3.2	28.18	-4.8	20.81	29.0	11.6
PETGAS	18.98	20.23	6.6%	Buy	37,556	0.89	99.3	100.0	19.1	19.0	3.7	3.7	19.50	-2.7	15.82	20.0	8.6
TENAGA	15.78	16.10	2.0%	Buy	89,602	0.82	128.8	128.0	12.3	12.3	4.1	4.1	16.34	-3.4	13.54	16.5	3.4
YTLPOWR	1.22	0.78	-36.1%	Hold	9,403	0.81	7.6	8.0	16.0	15.3	4.1	4.1	1.40	-13.0	0.73	67.1	-5.4
<b>TELECOMMUNICATIONS</b>																	
AXIATA	4.52	6.05	33.8%	Buy	40,995	1.80	11.9	15.7	37.9	28.9	2.2	3.0	5.82	-22.3	3.76	20.2	-17.7
DIGI	4.71	5.15	9.3%	Buy	36,620	0.95	19.6	20.2	24.0	23.3	4.2	4.3	5.10	-7.6	3.93	19.8	-7.6
MAXIS	5.76	5.90	2.4%	Hold	45,024	0.98	24.4	24.1	23.6	23.9	3.5	3.5	6.14	-6.2	5.21	10.6	-4.2
TM	3.72	3.30	-11.3%	Sell	13,980	1.44	16.8	14.8	22.1	25.2	5.1	5.1	6.50	-42.8	3.00	24.0	-41.0
<b>TECHNOLOGY</b>																	
<i>Semiconductor &amp; Electronics</i>																	
ELSOFT	2.74	3.30	20.4%	Buy	757	0.58	13.1	14.9	21.0	18.4	3.4	3.8	2.85	-3.9	2.22	23.4	1.5
INARI	2.53	2.45	-3.2%	Under Review	7,974	0.46	8.2	10.3	30.8	24.5	2.3	2.9	2.56	-1.2	1.50	69.0	11.6
MPI	11.26	11.50	2.1%	Under Review	2,240	0.72	69.5	79.8	16.2	14.1	2.8	2.8	14.52	-22.5	7.57	48.7	-10.8
UNISEM	2.58	2.75	6.6%	Buy	1,876	0.96	13.2	18.7	19.5	13.8	4.3	4.3	4.15	-37.8	1.60	61.2	-29.3
<b>TRANSPORTATION</b>																	
<i>Airlines</i>																	
AIRASIA	3.49	3.15	-9.7%	Buy	11,663	0.88	28.3	28.6	12.3	12.2	22.9	2.3	4.75	-26.5	2.92	19.5	4.2
AIRPORT	9.58	8.79	-8.2%	Sell	15,895	0.89	33.8	35.7	28.4	26.9	1.6	1.0	9.98	-4.0	7.98	20.1	9.0
<i>Freight &amp; Tankers</i>																	
PTRANS	0.29	0.42	47.4%	Buy	394	na	2.2	3.4	12.9	8.4	3.5	3.6	0.38	-25.4	0.23	26.7	1.8
TNLOGIS	1.03	1.10	6.8%	Sell	470	0.91	10.0	9.7	10.3	10.6	0.0	3.9	1.79	-42.6	0.93	10.8	-23.1
WPRTS	3.80	3.78	-0.5%	Hold	12,958	0.55	15.6	20.0	24.4	19.0	3.1	3.9	3.95	-3.8	3.10	22.6	2.7

**SNAPSHOT OF FOREIGN STOCKS UNDER COVERAGE**

Company	Share Price (S\$)	Target Price (S\$)	% upside	Recom	Market Cap. (S\$m)	Beta	EPS (cent)		PER (X)		Div Yield (%)		52week		% Chg YTD		
							FY18	FY19	FY18	FY19	FY18	FY19	High Price	% Chg		Low Price	% Chg
<b>BANKS &amp; FINANCIAL SERVICES</b>																	
DBS	26.00	32.80	26.2%	Buy	66,638	1.24	212.4	246.0	12.2	10.6	3.5	3.5	30.8	-15.5	19.68	32.1	6.4
OCBC	12.00	14.50	20.8%	Buy	50,291	1.18	109.4	123.1	11.0	9.8	6.7	7.7	14.0	-14.5	10.83	10.8	-3.1
UOB	28.34	33.70	18.9%	Buy	47,281	1.18	229.5	255.2	12.4	12.4	2.8	2.8	30.4	-6.7	22.79	24.3	7.9
<b>PLANTATIONS</b>																	
WILMAR	3.21	3.27	1.9%	Hold	20,539	0.80	22.5	25.1	14.3	12.8	2.8	3.1	3.4	-6.7	2.97	8.1	3.9
IFAR	0.22	0.20	-7.0%	Sell	308	1.13	3.0	3.0	7.1	7.1	1.9	1.9	0.5	-55.2	0.21	2.4	-44.9

**BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.

**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

**SELL** : Total return is lower than the required rate of return.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

**Required Rate** of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.